Effect of capital investment on inflation and rupee

†215. SHRI RAJ MOHINDER SINGH MAJITHA;
SHRI RAM JETHMALANI;

Will the Minister of FINANCE be pleased to state;

(a) whether it is a fact that due to additional investment of capital in the country not only inflation but the value of rupee is also affected;

(b) if so, the details thereof; and

(c) the long term as well as short term measures taken by Government to nullify such effect?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) A depreciation of the US dollar against major currencies and increased capital flows have led to appreciation (increase in value) of the rupee *vis-a-vis* the US dollar. To the extent that Reserve Bank of India (RBI), with a view to reduce undue volatility, intervened in the foreign exchange-market, such appreciation was moderated. The levels of appreciation of the rupee against major currencies is indicated below:

Appreciation/Depreciation(-) of Rupee over previous month against major currencies of world.

(In per cent)

Months	USS	Japanese Yen	UK Pound	Euro
Apr. 07	4.46	*$M*	2.21	2.30
May 07	3.35	*5.00*	3.61	3.35
Jun.07	0.02	*1.56*	-0.10	0.73
Jul. 07	0.89	*0.01*	-1.45	-1.29
Aug. 07	-1.00	-4.92	0.07	-0.40
Sep. 07	1.19	-0.31	0.91	-0.68
Oct. 07	2.10	2.82	0.81	-0.34

SOURCE; Compiled from RBI datg.

There is no direct one-to-one correspondence between the levels of capital flows and inflation. RBI undertakes sterlisation operations to prevent exessive monetary growth that might have a bearing on inflation. As a result of these and other measures, point to point inflation as measured by the wholesale price index has come down to 3.11 per cent on week ended November 3,2007.

Wealth tax exemption

216. SHRI M.V. MYSURA REDDY: Will the Minister of FINANCE be pleased to state:

(a) the details to those individuals who are having a wealth estimates above Rs. 2000 crore;

(b) if so, the details of income tax and wealth tax separately in the last three years;

(c) whether it is a fact that many of the above mentioned wealthy individuals have claimed -.xemption from wealth tax under section (2) of the Wealth Tax Act; and

(d) if so, the details of Wealth Tax exemption claimed by each of them in the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) There are no cases of individuals who are having taxable wealth above Rs. 2000 crores as per the Wealth Tax Act.

(b) to (d) Do not arise in view of (a) above.

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†Original notice of the question was received in Hindi.